

Newrez Announcements



Announcement 2024-075 Underwriting Guideline Updates – Conforming Loans November 25, 2024

Newrez LLC "Newrez" Approved Correspondent Clients; this announcement contains the following information:

- Most recent agency announcements, effective immediately for all loans in the pipeline, unless otherwise noted.
- Clarifications and/or corrections to the Newrez Guides effective immediately
- This memo also includes a summary as of November 25, 2024:
 - Previously announced guidelines have now been incorporated into the Newrez Underwriting Guide.
 - Updates to the Product Summaries and/or Overlay Matrix.

Please use this announcement as guidance until all applicable underwriting guides are published.

Agency Announcements

Freddie Mac Bulletin [2024-15](#) and Fannie Mae [SEL-2024-07](#) were both released on November 6, 2024 and Newrez is aligning with the following topics below.

Appraisal Market Area Analysis

The terms Neighborhood and Market Area have been defined as shown below:

- **Market Area** – The geographic region, for a subject property, from which most demand comes and in which most of the competition is located
- **Neighborhood** – A congruous group of complementary land uses.

Guidance and requirements have been provided for the following:

- Selection of comparable sales;
- Establish a minimum 12-month timeframe from which the overall market trend must be derived;
- Identify that the overall market trend may be different from the adjustments applied to individual comparable sales;
- Include an illustration of the methodology used to determine specific comparable sale time adjustments for market condition changes; and
- Release a new requirement that the appraiser must report the market analysis which supports both of the following for changes in market conditions.
 - the indicated overall market trend and
 - market derived time adjustments

Complete guidelines can be found in the Conventional Underwriting Guide, in the following chapters:

- Glossary
- Chapter 1J, Appraisal Requirements
 - Ch. 1J.6, Appraisal Review
 - Ch. 1J.6 (c) (iii) Factors that Affect Value and Marketability of Properties in

the Neighborhood

- Ch. 1J.7(p)(i) Selection of Comparable Sales
- Ch.1J.7(q)(iv) Appraiser's Comments and Indicated Value
- CH 1J.7(s) Leasehold Appraisal requirements

Freddie Mac Bulletin [2024-15](#)

The following were other updates from Freddie Mac:

- Green MBS – Newrez does not offer
- Clients should review updates for Authorized changes to the Limited Purpose Execution language for Security Instruments as shown in [Freddie Mac Exhibit 5A](#) to ensure your document preparation provider is aligning with these changes

Fannie Mae Announcement [SEL-2024-07](#)

Fannie Mae announced updates to the following:

- **Updates to Leasehold Provisions are being reviewed for a future release**
- **Project Review for manufactured homes, including those on leasehold estates**
 - Removed requirement for PERS approval for Singlewide Manufactured homes located in a PUD or and PUD projects consisting of singlewide manufactured homes.
 - Note:
 - PERS approval is still required, for singlewide or double wide manufactured homes located in a condominium community,
 - Manufactured homes located in a co-op project remain ineligible

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1D, Property Types,

- 1D.1(j)(i) Manufactured Housing Eligibility
- 1D.1(j)(iv) Ineligible Manufactured Housing

- **Preventing, detecting and reporting mortgage fraud (Reminder)**
 - Fraudulent payoff schemes have been added to types of mortgage fraud and agency has provided requirements for written policies and procedures for fraud prevention from application through servicing for lenders.
- **Updated list of Approved Mortgage Insurance Forms**
 - List has been updated to revise the following:

Radian Guaranty Inc.'s form of Commitment & Certificate of Insurance

Newrez Underwriting Guide Updates

Conventional Updates

Chapter 1C Financing

- Updated Buydown and Funds section to:
 - Remove borrower must come with borrower own funds and
 - Clarified Borrower funds must come from an acceptable source.
- Expanded Escrow Waiver Eligibility for First-Time Homebuyer with following overlay:
 - $\leq 70\%$ LTV; and
 - ≥ 700 FICO; and
 - $\leq 36\%$ DTI.
- Clarified First Time Homebuyers are Ineligible for Escrow Waivers, unless they loan meets the requirements listed in Section 8(a) Escrow/Impounds

Complete guidelines can be found in the Conventional Underwriting Guide, Chapter 1C, Financing,

- 1C.3(c) Buydown Account and Funds
- 1C.8
 - (a) Escrow/Impounds
 - (b) Ineligible for Escrow Waiver

Chapter 1F Credit

- Removed Maryland State Requirements to consider school or work attendance as a compensating factor for thin credit upon request of the borrower

Complete guidelines can be found in the Conventional Underwriting Guide, Ch. 1F, and 1F.4

Prior Agency Announcements

Below is a summary of previously announced updates that have been incorporated into the Newrez Underwriting Guide.

- n/a

Product Profile Releases and Overlay Matrix Updates

Product Profiles Releases

Escrow Waiver Update is reflected in following Product Profiles:

- Conforming Product Summary
- Home Possible
- HomeReady

- Freddie Mac BorrowSmart

Overlay Matrix Update

First-Time Homebuyer Escrow waiver identified as an overlay with following criteria:

- $\leq 70\%$ LTV; and
 - ≥ 700 FICO; and
 - $\leq 36\%$ DTI.
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Questions

If you have any questions regarding any information in this announcement, please feel free to contact your regional sales manager or client manager.

Newrezcorrespondent.com

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Client Development

We offer a comprehensive training curriculum on Newrez products and processes, to keep your staff informed of the latest developments in products, technology solutions, compliance issues and process improvements. Each of these programs is offered by our training and development staff on a monthly basis and is updated regularly to reflect recent changes in the industry. Visit our [training site](#).